

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange
URL:	https://www.furukawadenchi.co.jp
Representative	
Title:	President & CEO
Name:	Shinichi Ono
Contact Person	
Title:	Corporate Officer, General Manager of Finance & Accounting Department
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Scheduled date of ordinary general meeting of shareholders:	June 24, 2022
Scheduled date for commencement of dividend payment:	June 27, 2022
Scheduled date for filing of securities report:	June 24, 2022
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes (Financial results briefing via video streaming on the Company's website)

(Yen in millions, rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated operating results

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	62,785	4.7	3,212	(26.9)	3,394	(24.2)	3,837	6.1
Fiscal year ended March 31, 2021	59,958	(7.0)	4,397	33.5	4,480	38.4	3,614	61.5

Note: Comprehensive income

Fiscal year ended March 31, 2022:	3,254 million yen [yoy (14.8) %]
Fiscal year ended March 31, 2021:	3,821 million yen [yoy 148.0 %]

	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	117.07	—	12.3	5.7	5.1
Fiscal year ended March 31, 2021	110.29	—	12.8	8.0	7.3

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2022:	24 million yen
Fiscal year ended March 31, 2021:	8 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	60,681	33,826	53.6	992.95
As of March 31, 2021	57,686	31,388	52.2	918.59

Reference: Equity

As of March 31, 2022: 32,546 million yen

As of March 31, 2021: 30,109 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2022	4,257	(808)	(2,075)	10,169
Fiscal year ended March 31, 2021	7,379	(2,096)	(663)	8,776

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (Consolidated)	Dividends/to net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	—	—	—	22.00	22.00	721	19.9	2.6
Fiscal year ended March 31, 2022	—	—	—	22.00	22.00	721	18.8	2.3
Fiscal year ending March 31, 2023 (forecast)	—	—	—	22.00	22.00		37.0	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2023	70,000	11.5	2,400	(25.3)	2,400	(29.3)	1,950	(49.2)	59.49

Notes:

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2022 (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Newly included: None Excluded: None

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements:

(a) Changes in accounting policies accompanying revisions in accounting standards: Yes

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

(Note) For details, please refer to “5. Consolidated Financial Statements and Related Notes, (5) Notes on Consolidated Financial Statements (Changes in Accounting Policies)” on page 17 of the Attachment.

- (3) Number of shares outstanding (common stock)
- (a) Shares outstanding (including treasury shares)
As of March 31, 2022: 32,800,000 shares As of March 31, 2021: 32,800,000 shares
- (b) Treasury shares
As of March 31, 2022: 22,134 shares As of March 31, 2021: 22,086 shares
- (c) Average number of shares outstanding during the period
Fiscal year ended March 31, 2022: Fiscal year ended March 31, 2021:
32,777,891 shares 32,777,926 shares

(For reference) Non-consolidated financial results

1. Financial results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Non-consolidated operating results (Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	42,437	4.5	1,547	(38.2)	2,090	(31.8)	2,801	11.1
Fiscal year ended March 31, 2021	40,619	(4.5)	2,504	15.6	3,065	11.6	2,521	56.5

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Fiscal year ended March 31, 2022	85.46	—
Fiscal year ended March 31, 2021	76.94	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	40,869	21,012	51.4	641.04
As of March 31, 2021	39,172	19,646	50.2	599.37

Reference: Equity

As of March 31, 2022: 21,012 million yen
As of March 31, 2021: 19,646 million yen

<Reasons for differences between non-consolidated financial results and the actual values of the previous fiscal year>

The differences between the actual values of the previous fiscal year and the actual values of the fiscal year under review are due to a decrease in operating profit mainly as a result of a sharp rise in raw material prices in the fiscal year under review.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Appropriate use of performance forecasts and other special items:

(Disclaimer on forward-looking statements, etc.)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared, and on assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. Please refer to “1. Overview of Operating Results and Others, (4) Future Outlook” on page 5 of the Attachment.

(Obtaining the supplementary documents for financial results and the financial results briefing)

The Company plans to stream the financial results briefing via video for institutional investors and analysts on Monday, May 30, 2022.

The video and the supplementary documents for financial results will be posted on the Company’s website.

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1. Overview of Operating Results and Others

(1) Overview of Operating Results

(Business Environment)

During the fiscal year ended March 31, 2022, the global economy remained in an extremely serious situation due to the increase in raw material prices and other factors caused by the impact of the global outbreak of novel coronavirus disease (COVID-19), the situation in Ukraine, and other factors.

Looking ahead in the midst of this impact of the infectious disease, the situation in Ukraine, and other such factors, we project that there is a risk that business conditions will worsen further due to rising raw material prices, fluctuations in financial and capital markets, and other such circumstances.

The Japanese economy remains in a difficult situation, although there are signs of a partial pick-up due to the effects of various policy measures taken to prevent the spread of COVID-19.

Looking forward, we project that there is a risk that business conditions will deteriorate further in the same way as the global economy was affected by the infectious disease, the situation in Ukraine, and other such factors.

For the storage battery industry, although motorization is proceeding in emerging markets in the automotive field, we are advancing structural changes in the industry in developed markets such as Japan along the themes of electrification, automation and servitization.

In the industrial field, we are expanding demand for such markets as renewable energy, data centers and smart grids.

Looking ahead, the prevalence of the infectious disease in the short term, the situation in Ukraine, and other such factors will have an impact on supply chains, and we project that both automobiles and industry will face difficult conditions.

Furukawa Battery Co., Ltd. (the “Company”) and its group companies (the “Group”) has set “stable growth at overseas units,” “the generation of new business through the development of new products, including next-generation batteries,” “increased profitability in the core business of lead-acid storage batteries,” and “the accumulation of innovative capability through the development of human resources” as its priority measures, aiming to increase its corporate value over the medium to long term, and, with regard to the infectious disease, made efforts to continue its business by flexibly implementing measures to prevent the spread of infection, such as regular disinfection at each unit and telework.

(Operating Results)

The Group recorded net sales of 62,785 million yen for the fiscal year ended March 31, 2022, an increase of 2,827 million yen (4.7%) year on year. This was mainly due to strong automotive sales. Overseas sales were 20,705 million yen and accounted for 33.0% of total sales.

Operating profit decreased by 1,184 million yen year on year to 3,212 million yen (compared with operating profit of 4,397 million yen in the fiscal year ended March 31, 2021). This was mainly due to the rising price of lead and other raw materials even with the steady sales in Japan and overseas. Ordinary profit decreased by 1,085 million yen year on year to 3,394 million yen (compared to ordinary profit of 4,480 million yen in the fiscal year ended March 31, 2021).

Profit attributable to owners of parent came to 3,837 million yen, increasing 222 million yen year on year (compared with profit attributable to owners of parent of 3,614 million yen in the fiscal year ended March 31, 2021).

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations have been applied from the beginning of the current fiscal year, and compared with the previous method, net sales for the current fiscal year decreased by 2,509 million yen, operating profit decreased by 92 million yen, and ordinary profit and profit before income taxes each decreased by 73 million yen.

For details, please refer to “5. Consolidated Financial Statements and Related Notes (5) Notes on Consolidated Financial Statements (Changes in Accounting Policies).”

Business segment performance was as follows.

Segment sales include intersegment internal sales or transfers totaling 2,081 million yen and the figures for segment

profit are given on an operating profit (pre-goodwill amortization) basis.

In the automotive segment, sales were 45,015 million yen, an increase of 1,040 million yen (2.4%) year on year and segment profit was 2,181 million yen, a decrease of 912 million yen (29.5%). Although sales were strong in Japan and overseas, the profit margin decreased due to factors such as the rise in the price of lead and other major raw materials.

In the industrial segment, sales were 18,708 million yen, an increase of 1,095 million yen (6.2%) year on year. Segment profit was 1,127 million yen, an increase of 41 million yen (3.8%). This was mainly due to strong sales, which have been driven by the recovery in private capital investment.

In the real estate segment, sales were 322 million yen, a decrease of 62 million yen (16.1%) year on year and segment profit was 118 million yen, a decrease of 67 million yen (36.4%).

In the others segment, sales were 820 million yen, an increase of 27 million yen (3.5%) year on year, while segment losses were 214 million yen (segment profit for the previous fiscal year was 31 million yen). This is mainly due to expenditures for preparing and operating new businesses.

(2) Overview of Financial Position

Total assets were 60,681 million yen as of March 31, 2022, which is 2,995 million yen more than at the end of the previous fiscal year. Current assets increased by 3,524 million yen from the end of the previous fiscal year to 32,548 million yen, while non-current assets decreased by 529 million yen from the end of the previous fiscal year to 28,133 million yen.

The main factor leading to the increase in current assets was an increase in cash and deposits as well as merchandise and finished goods.

There was a 41 million yen decrease in property, plant and equipment to 23,081 million yen. The main factor leading to the decrease was that the amount of depreciation exceeded the amount of acquisition of property, plant and equipment.

Investments and other assets decreased by 938 million yen from the end of the previous fiscal year to 4,268 million yen.

Total liabilities as of March 31, 2022 increased by 557 million yen to 26,855 million yen.

Current liabilities increased by 1,762 million yen from the end of the previous fiscal year to 16,451 million yen, and non-current liabilities decreased by 1,204 million yen from the end of the previous fiscal year to 10,404 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, decreased by 1,003 million yen from the end of the previous fiscal year to 5,075 million yen.

Equity increased by 2,437 million yen to 32,546 million yen, resulting in an increase in the equity ratio from 52.2% at the end of the previous fiscal year to 53.6% at the end of the fiscal year under review.

(3) Overview of Cash Flows

a) Cash flows

Net cash provided by operating activities during the fiscal year under review was 4,257 million yen as a whole. Major sources of cash were profit before income taxes of 4,915 million yen, depreciation of 2,747 million yen, and there was a 1,516 million yen payment of interest and income taxes.

Net cash used in investing activities was 808 million yen due to purchase of property, plant and equipment amounting to 2,080 million yen.

Net cash used in financial activities was 2,075 million yen due to repayments of long-term borrowings of 1,682 million yen.

As a result, cash and cash equivalents at end of period increased 1,393 million yen from the previous year to 10,169 million yen.

b) Trends of performance indicators associated with cash flows

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity ratio (%)	42.4	45.7	49.1	52.2	53.6
Market value basis equity ratio (%)	58.9	42.2	33.1	97.1	69.4
Cash flow/interest-bearing debt ratio (years)	4.4	1.7	2.0	0.8	1.2
Interest coverage ratio (x)	4.6	11.7	8.6	27.8	24.1

*Equity ratio: equity/total assets

Market value basis equity ratio: market capitalization/total assets

Cash flow/interest-bearing debt ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flow/paid interest

Notes: 1. All figures are calculated based on consolidated financial data.

2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued shares as of the end of the period.

3. Cash flows are Cash flows from operating activities as shown in the consolidated statements of cash flows.

4. Interest-bearing liabilities are the sum of borrowings shown on the consolidated balance sheets. Interest expenses are interest expenses as shown in the consolidated statements of cash flows.

(4) Future Outlook

The Group will continue to make collective efforts to expand its business and increase profits.

For the next consolidated fiscal year, we expect net sales of 70,000 million yen, operating profit of 2,400 million yen, ordinary profit of 2,400 million yen, and profit attributable to owners of parent of 1,950 million yen.

Since there is no uniform opinion regarding the assumptions on the spread of COVID-19, the timing of the settlement of COVID-19, etc. we assume that certain limits will continue to be set regarding economic activity in the next fiscal year (ending March 31, 2023) as well.

(5) Basic Policy for Profit Distributions and Dividends for Current and Next Fiscal Years

Our basic policies as to profit distributions are to pay stable and ongoing return to shareholders and to invest in enhancing our facilities in Japan and overseas and in strengthening research and development, etc. that lead to improved corporate value, and are designed to achieve sustainable growth and improved profitability in the future. For the dividend, the policy is to determine these payments based on the operating results and the strengthening of our financial soundness and we believe we must consider the per-share dividend and payout ratio in a balanced way to express our appreciation to shareholders for their support.

We plan to pay a year-end dividend of 22 yen per share for the fiscal year ended March 31, 2022. For the next fiscal year, we plan to pay a dividend of 22 yen per share, the same amount as the current fiscal year.

2. Corporate Group

The corporate group consists of the Company, its parent company, nine consolidated subsidiaries, five non-consolidated subsidiaries and one affiliated company accounted for by the equity method, and two affiliated companies not accounted for by the equity method. The primary business activities are the manufacture and sale of storage batteries and associated activities. The roles of the group companies concerning these activities are as follows.

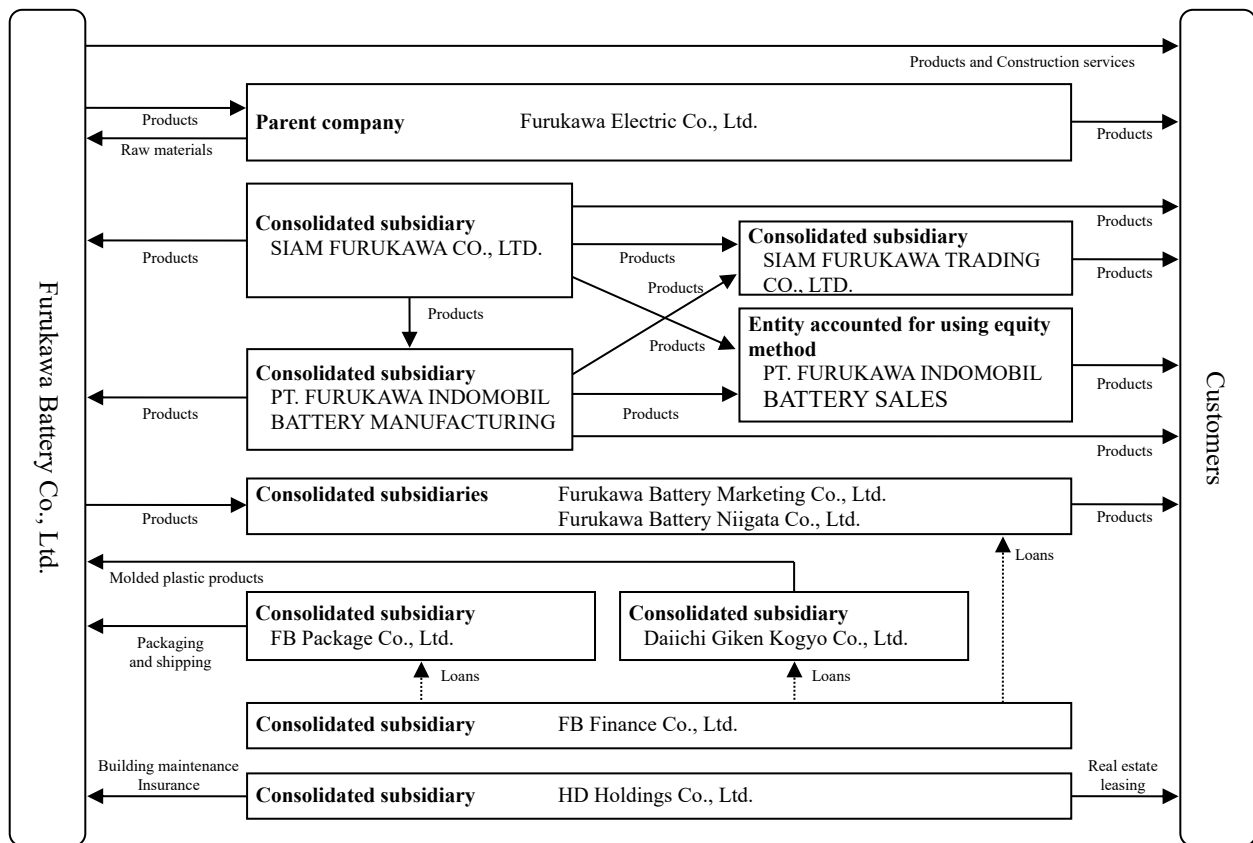
The Company manufactures and sells lead-acid storage batteries, alkaline storage batteries, and rectifiers and other power supply devices and performs installations and inspections for these batteries. Consolidated subsidiaries Siam Furukawa Co., Ltd., and PT. Furukawa Indomobil Battery Manufacturing, with the technical support of the Company, manufacture lead-acid storage batteries.

Consolidated subsidiary Furukawa Battery Marketing Co., Ltd. sells some of the lead-acid storage batteries and alkaline storage batteries manufactured by the Company.

Consolidated subsidiary FB Package Co., Ltd. performs packaging and shipping operations as well as on-site transport services for the Company. Consolidated subsidiary FB Finance Co., Ltd. extends loans to consolidated subsidiaries and affiliated companies.

Some products are sold to parent company Furukawa Electric Co., Ltd. In addition, the Company purchases some raw materials and other items from Furukawa Electric.

A flowchart of these business activities is shown below.



3. Management Policy

(1) Basic Management Policy

The Group conducts its management in accordance with the Corporate Philosophy formed from the following Guiding Principle and the Credo.

Guiding Principle

In order to meet the expectations of our diverse stakeholders, including our shareholders, employees, customers and local communities, Furukawa Battery will implement continuous innovation based on the technological capabilities we have fostered over many years, under a slogan of “always seeking to be challengers” and a corporate motto of “fairness and integrity.” We will contribute to the realization of a truly rich and sustainable society as we seek to achieve sustainable growth and improve our corporate value in the medium to long term.

Furukawa Battery Group Credo

We are challengers.

- a) Maintain high ethical standards, and value honesty and integrity above all.
- b) Continually improve, innovate, and lead, in every area of endeavor.
- c) Take a hands-on approach that addresses the reality of every situation - in the office, at the factory, and on site.
- d) Be proactive - take the initiative and work with others, persevering until a solution is found.
- e) Maintain open channels of communication between departments and divisions so that we can share ideas and help each other grow.

(2) Targeted Performance Indicators

The new medium-term management plan for fiscal 2022 to fiscal 2025 lays out the performance indicators below as targets.

Indicators		Consolidated Results for the Fiscal Year Ended March 31, 2022	Forecast for the Fiscal Year Ending March 31, 2023	Consolidated Financial Targets for the Fiscal Year Ending March 31, 2026
Net sales	(Million yen)	62,785	70,000	83,000
Operating profit	(Million yen)	3,212	2,400	5,500
Operating profit margin	(%)	5.1	3.4	6.6
ROIC	(%)	6.4	4.5	8.0

The above management indicators have been set based upon the preconditions below.

		Consolidated Results for the Fiscal Year Ended March 31, 2022	Forecast for the Fiscal Year Ending March 31, 2023	Consolidated Financial Targets for the Fiscal Year Ending March 31, 2026
LME lead price	(US\$/t)	2,205	2,300	2,100
Lead market price	(Thousand yen/t)	317	336	291
Exchange rate	(yen/US\$)	113	120	110

(3) Medium to Long-term Strategies and Pending Issues

1. Medium to Long-term Strategies

The company is strengthening and expanding its business from the medium to long-term perspective of sustainability and has defined (1) the promotion of global strategies to help achieve the SDGs, (2) improvement of profitability in the core business of lead-acid storage batteries business, (3) generation of new solution business through the development of new products, including next-generation batteries, and (4) the accumulation of innovative capability through the development of human resources for sustainable management as its basic policy to become a company living up to the expectations of its customers and society.

As specific measures, the Company will focus on developing new products and launching new businesses, such as bipolar lead storage batteries and the Energy Storage Systems (ESS) solution business, as well as expanding overseas partnerships.

For details, please refer to the “Notice Regarding the Formulation of the Medium-term Management Plan from FY2022 to FY2025” announced on May 12, 2022 (Japanese only).

2. Pending issues

With regard to the outlook going forward in the short term, we not only foresee the impact of the COVID-19 pandemic but also various other factors that have the potential to negatively impact business, such as the recent rise in costs related to raw materials and energy as well as the currency exchange fluctuation and semiconductor shortage. We project that the environment in which the Group operates will remain difficult. In the longer term, we also forecast even fiercer competition as the rate of growth slows for existing businesses such as lead-acid storage batteries in the domestic market, while the importance of emerging markets overseas will increase further. In this kind of environment, we perceive the expansion of the overseas business and the development of human resources for research and development to be important issues, and will implement various measures to address these.

The pending issues by business are shown below.

For the automotive business, although motorization is proceeding in emerging markets, we forecast that developed markets such as Japan will see the advance of structural changes in the industry along the themes of electrification, automation and servitization. In this kind of environment, we perceive the issues for emerging countries and developed countries to be the development of products that realize competitive quality and cost as well as new functionality, and the strengthening of marketing capabilities to drive their growth in the market.

In the industrial business, we predict that while demand for such markets as renewable energy, data centers and smart grid will expand, price competition will intensify further. In this kind of environment, we perceive the development and commercialization of our competitive lead-acid storage batteries and next-generation storage batteries, such as bipolar storage batteries and the launch of the ESS solutions business, to be important issues and will succeed in achieving them.

Through these initiatives, the Furukawa Battery Group will maximize the capabilities it possesses, expanding into new business domains that transcend the framework of existing products, and supporting, through partnerships, inclusive, safe, robust and sustainable lifestyles for people. In doing so, we aim to become a company whose presence is even more familiar, and deemed even more necessary to society.

4. Basic Views on the Selection of Accounting Standards

The policy of the Group for the time being is to prepare its consolidated financial statements using Japan GAAP, taking into consideration the fact that this allows the consolidated financial statements to be compared between periods and compared between companies.

Note that the Group will closely monitor the trend related to the introduction of the International Financial Reporting Standards (IFRS) going forward and endeavor to develop systems to appropriately respond.

5. Consolidated Financial Statements and Related Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,852	6,911
Securities	2,923	3,257
Notes and accounts receivable - trade	12,080	12,309
Electronically recorded monetary claims - operating	1,049	1,353
Merchandise and finished goods	2,288	2,883
Work in process	2,862	3,160
Raw materials and supplies	1,285	1,606
Other	689	1,072
Allowance for doubtful accounts	(7)	(7)
Total current assets	29,023	32,548
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,144	18,989
Accumulated depreciation	(11,105)	(11,673)
Buildings and structures, net	7,038	7,316
Machinery, equipment and vehicles	36,379	37,200
Accumulated depreciation	(29,135)	(30,644)
Machinery, equipment and vehicles, net	7,244	6,555
Tools, furniture and fixtures	7,724	7,820
Accumulated depreciation	(7,019)	(7,009)
Tools, furniture and fixtures, net	704	810
Land	7,256	7,603
Leased assets	939	876
Accumulated depreciation	(418)	(434)
Leased assets, net	521	441
Construction in progress	358	354
Total property, plant and equipment	23,123	23,081
Intangible assets		
Leased assets	11	7
Other	320	775
Total intangible assets	331	782
Investments and other assets		
Investment securities	3,130	1,787
Deferred tax assets	1,928	2,369
Other	171	135
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	5,207	4,268
Total non-current assets	28,662	28,133
Total assets	57,686	60,681

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,926	5,252
Electronically recorded obligations - operating	2,170	2,199
Short-term borrowings	3,410	3,641
Lease liabilities	117	102
Income taxes payable	743	747
Accrued consumption taxes	478	302
Contract liabilities	–	0
Provision for bonuses	890	909
Provision for environmental measures	0	1
Notes payable - facilities	18	1
Electronically recorded obligations - facilities	327	303
Other	2,604	2,987
Total current liabilities	14,688	16,451
Non-current liabilities		
Long-term borrowings	2,668	1,434
Lease liabilities	477	400
Deferred tax liabilities	793	797
Provision for environmental measures	1	–
Retirement benefit liability	7,036	7,175
Asset retirement obligations	54	73
Other	577	523
Total non-current liabilities	11,609	10,404
Total liabilities	26,297	26,855
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	26,036	29,057
Treasury shares	(11)	(11)
Total shareholders' equity	28,318	31,339
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,386	672
Deferred gains or losses on hedges	10	87
Foreign currency translation adjustment	398	484
Remeasurements of defined benefit plans	(4)	(37)
Total accumulated other comprehensive income	1,790	1,207
Non-controlling interests	1,279	1,279
Total net assets	31,388	33,826
Total liabilities and net assets	57,686	60,681

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	59,958	62,785
Cost of sales	43,537	49,671
Gross profit	16,420	13,113
Selling, general and administrative expenses		
Selling expenses	2,901	2,611
General and administrative expenses	9,122	7,289
Total selling, general and administrative expenses	12,023	9,900
Operating profit	4,397	3,212
Non-operating income		
Interest income	13	14
Dividend income	100	107
Company house rent employee load money income	65	69
Share of profit of entities accounted for using equity method	8	24
Foreign exchange gains	48	44
Gain on sale of scraps	9	36
Other	149	66
Total non-operating income	395	362
Non-operating expenses		
Interest expenses	269	169
Other	42	11
Total non-operating expenses	312	180
Ordinary profit	4,480	3,394
Extraordinary income		
Gain on sale of non-current assets	26	141
Gain on bargain purchase	–	96
Gain on sale of investment securities	34	1,307
Total extraordinary income	60	1,544
Extraordinary losses		
Loss on sale of non-current assets	14	–
Loss on disposal of non-current assets	6	20
Loss on sale of investment securities	–	3
Total extraordinary losses	20	23
Profit before income taxes	4,520	4,915
Income taxes - current	1,210	1,304
Income taxes - deferred	(158)	(110)
Total income taxes	1,051	1,194
Profit	3,469	3,721
Loss attributable to non-controlling interests	(145)	(115)
Profit attributable to owners of parent	3,614	3,837

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	3,469	3,721
Other comprehensive income		
Valuation difference on available-for-sale securities	817	(716)
Deferred gains or losses on hedges	81	77
Foreign currency translation adjustment	(619)	196
Remeasurements of defined benefit plans, net of tax	77	(31)
Share of other comprehensive income of entities accounted for using equity method	(5)	7
Total other comprehensive income	351	(466)
Comprehensive income	3,821	3,254
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,031	3,254
Comprehensive income attributable to non-controlling interests	(210)	0

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,640	653	22,847	(11)	25,130
Cumulative effects of changes in accounting policies					–
Restated balance	1,640	653	22,847	(11)	25,130
Changes during period					
Dividends of surplus			(426)		(426)
Profit attributable to owners of parent			3,614		3,614
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,188	(0)	3,188
Balance at end of period	1,640	653	26,036	(11)	28,318

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	578	(71)	949	(82)	1,373	1,133	27,637
Cumulative effects of changes in accounting policies							–
Restated balance	578	(71)	949	(82)	1,373	1,133	27,637
Changes during period							
Dividends of surplus							(426)
Profit attributable to owners of parent							3,614
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	808	81	(551)	77	416	145	562
Total changes during period	808	81	(551)	77	416	145	3,750
Balance at end of period	1,386	10	398	(4)	1,790	1,279	31,388

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,640	653	26,036	(11)	28,318
Cumulative effects of changes in accounting policies			(95)		(95)
Restated balance	1,640	653	25,940	(11)	28,223
Changes during period					
Dividends of surplus			(721)		(721)
Profit attributable to owners of parent			3,837		3,837
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,116	(0)	3,116
Balance at end of period	1,640	653	29,057	(11)	31,339

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,386	10	398	(4)	1,790	1,279	31,388
Cumulative effects of changes in accounting policies							(95)
Restated balance	1,386	10	398	(4)	1,790	1,279	31,292
Changes during period							
Dividends of surplus							(721)
Profit attributable to owners of parent							3,837
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	(713)	77	86	(32)	(582)	0	(582)
Total changes during period	(713)	77	86	(32)	(582)	0	2,533
Balance at end of period	672	87	484	(37)	1,207	1,279	33,826

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	4,520	4,915
Depreciation	2,736	2,747
Increase (decrease) in allowance for doubtful accounts	(6)	0
Interest and dividend income	(113)	(121)
Interest expenses	269	169
Share of loss (profit) of entities accounted for using equity method	(8)	(24)
Loss (gain) on sale of investment securities	(34)	(1,303)
Loss on retirement of property, plant and equipment	6	9
Loss (gain) on sale of property, plant and equipment	(12)	(141)
Loss on retirement of intangible assets	–	10
Decrease (increase) in trade receivables	118	(602)
Decrease (increase) in inventories	207	(1,191)
Increase (decrease) in trade payables	101	1,482
Increase (decrease) in provision for bonuses	218	17
Increase (decrease) in provision for environmental measures	(2)	(0)
Gain on bargain purchase	–	(96)
Increase (decrease) in retirement benefit liability	65	110
Increase (decrease) in accrued consumption taxes	55	(190)
Other, net	368	(113)
Subtotal	8,491	5,676
Interest and dividends received	113	96
Interest paid	(265)	(176)
Income taxes paid	(961)	(1,339)
Net cash provided by (used in) operating activities	7,379	4,257
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,049)	(2,080)
Purchase of intangible assets	(198)	(477)
Proceeds from sale of property, plant and equipment	33	141
Purchase of investment securities	(11)	(19)
Proceeds from sale of investment securities	47	1,583
Proceeds from distributions from investment partnerships	89	16
Other, net	(7)	28
Net cash provided by (used in) investing activities	(2,096)	(808)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(929)	450
Proceeds from long-term borrowings	2,000	–
Repayments of long-term borrowings	(1,525)	(1,682)
Repayments of lease liabilities	(138)	(119)
Dividends paid	(426)	(721)
Proceeds from share issuance to non-controlling shareholders	357	–
Dividends paid to non-controlling interests	(2)	(2)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(663)	(2,075)
Effect of exchange rate change on cash and cash equivalents	(138)	19
Net increase (decrease) in cash and cash equivalents	4,480	1,393
Cash and cash equivalents at beginning of period	4,295	8,776
Cash and cash equivalents at end of period	8,776	10,169

(5) Notes on Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations have been applied from the beginning of the current fiscal year, and revenue has been recognized at the amount expected to be received upon exchange of promised goods or services at time the control of said goods or services is transferred to the customer. The main changes are as follows.

- The Company previously recognized revenue from product sales transactions, etc., based on the total amount of consideration received from the customer, but has changed to a method of recognizing revenue on a net basis for transactions in which the provision of the product to the customer is deemed to be an agent.

- The Company previously recognized revenue for some transactions when the shipment of individual products or the provision of services was completed, using the individual product shipment or the completion of services as the unit of accounting. However, the Company has changed to a method of recognizing revenue when control of all products and services included in a contract, etc. is transferred to the customer.

- The Company previously accounted for sales rebates and other consideration paid to customers as selling, general and administrative expenses or other items, but has changed to a method of reducing the amount of such consideration from the transaction price.

For the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, the Company has followed the transitional treatment prescribed in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was added to or deducted from the opening balance of retained earnings of the current fiscal year, and thus the new accounting policy was applied from such opening balance. However, the Company has applied the method prescribed in paragraph 86 of the Accounting Standard for Revenue Recognition and has not applied the new accounting policy retrospectively to contracts for which nearly all the revenue amounts had been recognized in accordance with the previous treatment in periods prior to the beginning of the current fiscal year.

As a result, compared with the previous method, net sales for the current fiscal year decreased by 2,509 million yen, cost of sales decreased by 288 million yen, selling, general and administrative expenses decreased by 2,128 million yen, operating profit decreased by 92 million yen, operating expenses decreased by 18 million yen, and ordinary profit and profit before income taxes each decreased by 73 million yen. In addition, due to the transitional treatment prescribed in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, the opening balance of retained earnings at the beginning of the current fiscal year decreased by 133 million yen.

In addition, due to the transitional treatment prescribed in paragraph 89-3 of the Accounting Standard for Revenue Recognition, the “information on disaggregation of revenue from contracts with customers” related to the previous consolidated fiscal year has not been included in these consolidated financial results.

(Application of Accounting Standard for Fair Value Measurement and Its Implementation Guidance)

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and its implementation guidance are applied from the current fiscal year. New accounting policy is applied prospectively in accordance with the transitional treatments set forth in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements for the current fiscal year.

(Segment Information)

[Segment information]

1. Description of reportable segments

Reporting segments of the Furukawa Battery Group are individual units for which separate financial information is available and that are subject to a periodic review by the Board of Directors for the purposes of evaluating performance and determining the allocation of resources.

The headquarters of business operations are at the Company's head office and there are separate organizational units to oversee operations for specific products and services. Each unit establishes comprehensive strategies for Japan and overseas countries for its products and services and performs operations based on these strategies.

Consequently, business segments of the Company are based on products and services in accordance with these administrative units. Operations are divided into three reportable segments: automobile, industrial and real estate.

The automobile segment manufactures storage batteries for automobiles and motorcycles. The industrial segment manufactures storage batteries for the operation of equipment, uninterruptible power systems and other products. The real estate segment leases space in buildings to tenants.

2. Method of calculating net sales, profit (loss), assets, liabilities and other items for each reportable segment

Accounting methods for reportable segments are in accordance with the accounting policies used to prepare the consolidated financial statements.

Reportable segment profit represents operating profit before adjustment for amortization of goodwill.

Intersegment internal sales and transfers are based upon actual market prices.

(Disclosure of changes in reportable segments, etc.)

The review of the fiscal year ended March 31, 2022 as stated in the (Changing in Accounting Policies) adopts the "Accounting Standard for Revenue Recognition" and other standards.

As a result, net sales declined 2,500 million yen in the automobile segment and 8 million yen in the industrial segment compared with the previous method. Segment profit declined 87 million yen in the automobile segment and 4 million yen in the industrial segment.

3. Net sales, profit (loss), assets, liabilities and other items for each reportable segment and the information on disaggregation of revenue

Previous fiscal year (From April 1, 2020 to March 31, 2021)

	Reportable segments				Other (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	42,250	17,333	364	59,948	9	59,958
Intersegment internal sales and transfers	1,723	279	20	2,023	783	2,806
Total	43,974	17,612	384	61,972	793	62,765
Segment profit	3,094	1,085	186	4,366	31	4,397
Other items						
Depreciation and amortization	2,107	580	38	2,725	10	2,736

Notes: 1. The "Other" category is a business segment that is not included in the reportable segments and includes insurance and other activities.

2. Assets are not allocated to business segments.

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segments				Other (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Japan	23,581	18,131	302	42,014	65	42,080
Thailand	15,362	–	–	15,362	–	15,362
Other Asian regions	3,892	459	–	4,352	–	4,352
Other	975	14	–	990	–	990
Revenue from contracts with customers	43,812	18,605	302	62,720	65	62,785
Sales to external customers	43,812	18,605	302	62,720	65	62,785
Intersegment internal sales and transfers	1,202	102	20	1,325	755	2,081
Total	45,015	18,708	322	64,045	820	64,866
Segment profit (loss)	2,181	1,127	118	3,427	(214)	3,212
Other items						
Depreciation and amortization	2,077	611	45	2,734	13	2,747

Notes: 1. The “Other” category is a business segment that is not included in the reportable segments and includes insurance and other activities.

2. Assets are not allocated to business segments.

4. Differences between reportable segment totals and amounts in consolidated financial statements and major components of these differences (adjustments for differences)

(Million yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	61,972	64,045
Net sales of “Other” category	793	820
Elimination of intersegment transactions	(2,806)	(2,081)
Net sales in consolidated financial statements	59,958	62,785

(Million yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	4,366	3,427
Profit of “Other” category	31	(214)
Elimination of intersegment transactions	(0)	–
Operating profit in consolidated financial statements	4,397	3,212

Note: Operating expenses are all allocated to each segment.

[Associated information]

Previous fiscal year (From April 1, 2020 to March 31, 2021)

1. Information for individual products and services

Since the information relating to specific products and services is presented in the same way in [3. Net sales, profit (loss), assets, liabilities and other items for each reportable segment] in [Segment and information on disaggregation of revenue], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)

Japan	Asia		Other	Total
	Thailand	Other Asian regions		
39,915	15,487	3,868	687	59,958

Note: Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(b) Property, plant and equipment

(Million yen)

Japan	Asia		Total
	Thailand	Indonesia	
14,060	5,294	3,768	23,123

3. Information on major customers

(Million yen)

Client name	Net sales	Related segment name
General Motors overseas distribution corporation	6,294	Automobile

Current fiscal year (From April 1, 2021 to March 31, 2022)

1. Information for individual products and services

Since the information relating to specific products and services is presented in the same way in [3. Net sales, profit (loss), assets, liabilities and other items for each reportable segment] in [Segment and information on disaggregation of revenue], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)

Japan	Asia		Other	Total
	Thailand	Other Asian regions		
42,080	15,362	4,352	990	62,785

Note: Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(b) Property, plant and equipment

(Million yen)

Japan	Asia		Total
	Thailand	Indonesia	
14,472	4,761	3,847	23,081

3. Information on major customers

(Million yen)

Client name	Net sales	Related segment name
General Motors Overseas Distribution Corporation	6,622	Automobile

[Segment information for impairment of non-current assets]

Previous fiscal year (From April 1, 2020 to March 31, 2021)

Not applicable.

Current fiscal year (From April 1, 2021 to March 31, 2022)

Not applicable.

[Segment information for goodwill amortization and remaining goodwill]

Previous fiscal year (From April 1, 2020 to March 31, 2021)

Not applicable.

Current fiscal year (From April 1, 2021 to March 31, 2022)

Not applicable.

[Segment information for gains from negative goodwill]

Previous fiscal year (From April 1, 2020 to March 31, 2021)

Not applicable.

Current fiscal year (From April 1, 2021 to March 31, 2022)

[Important gains on bargain purchases]

96 million yen in gains on bargain purchases have been allocated as extraordinary income in the [Other] segment following the transfer of business.

(Per Share Information)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	918.59 yen	992.95 yen
Earnings per share	110.29 yen	117.07 yen

Notes: 1. Diluted earnings per share are not shown because there were no common stock equivalents.

2. The basis for calculating earnings per share is as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Amount of profit attributable to owners of parent (million yen)	3,614	3,837
Amount not attributed to common stockholders	—	—
Amount of profit attributable to owners of parent attributable to common stock (million yen)	3,614	3,837
Average number of outstanding shares of common stock during the fiscal year (hundred shares)	327,779	327,778

3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other relevant regulations from the beginning of the fiscal year ended March 31, 2022 as stated in (Changes in Accounting Policies) and follows the transitional treatment prescribed in the proviso to paragraph 84 of the “Accounting Standard for Revenue Recognition.” As a result, net assets per share for the fiscal year ended March 31, 2022 was 1.52 yen, and net earnings per share decreased by 1.57 yen.

(Important Subsequent Events)

Not applicable.

6. Other

(Trend in Quarterly Consolidated Results)

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	13,035	13,764	16,355	19,629	26,799	43,155	62,785
Operating profit	259	302	893	1,757	562	1,455	3,212
Ordinary profit	329	316	934	1,814	645	1,580	3,394
Profit attributable to owners of parent	355	207	736	2,537	563	1,299	3,837

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	12,314	13,143	16,354	18,146	25,457	41,812	59,958
Operating profit	282	566	1,824	1,723	849	2,674	4,397
Ordinary profit	353	513	1,834	1,778	866	2,701	4,480
Profit attributable to owners of parent	281	393	1,430	1,509	674	2,105	3,614

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	13,933	15,434	16,301	18,817	29,367	45,669	64,486
Operating profit (loss)	(40)	727	1,046	1,560	686	1,732	3,293
Ordinary profit (loss)	(54)	721	1,093	1,476	666	1,760	3,237
Profit attributable to owners of parent	33	541	804	859	575	1,379	2,238

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	13,320	14,862	17,881	17,536	28,182	46,064	63,600
Operating profit	52	261	1,464	1,022	314	1,779	2,801
Ordinary profit	78	233	1,455	931	312	1,767	2,698
Profit attributable to owners of parent	84	251	1,139	792	335	1,474	2,267